

1 \_\_\_\_\_ BILL NO. \_\_\_\_\_

2 INTRODUCED BY \_\_\_\_\_  
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE CAPITAL GAINS ADJUSTMENT TO TAXABLE  
5 INCOME FOR A PROPERTY TAX CIRCUIT BREAKER CREDIT; REDUCING THE CAPITAL GAINS TAX  
6 ADJUSTMENT FOR THE PURPOSE OF CALCULATING MONTANA TAXABLE INCOME WHEN LONG-  
7 TERM CAPITAL GAINS EXCEED A CERTAIN AMOUNT; USING THE REVENUE FROM THE CHANGE IN  
8 THE MONTANA SOURCE LONG-TERM CAPITAL GAINS ADJUSTMENT TO FUND A PROPERTY TAX AND  
9 RENT-EQUIVALENT PROPERTY TAX CIRCUIT BREAKER CREDIT; PROVIDING THAT A TAXPAYER MAY  
10 CLAIM EITHER THE CIRCUIT BREAKER TAX CREDIT OR THE RESIDENTIAL PROPERTY TAX CREDIT  
11 FOR THE ELDERLY AND PARTICIPATE IN THE PROPERTY TAX ASSISTANCE PROGRAM OR THE  
12 DISABLED VETERAN ASSISTANCE PROGRAM OR RECEIVE THE INTANGIBLE LAND VALUE PROPERTY  
13 EXEMPTION; PROVIDING THAT THE CREDIT BE ADJUSTED IF THE REVENUE FROM THE MONTANA  
14 SOURCE LONG-TERM CAPITAL GAINS REDUCTION TO THE ADJUSTMENT IN MONTANA TAXABLE  
15 INCOME IS INSUFFICIENT TO FUND THE CREDITS; REQUIRING THE DEPARTMENT OF REVENUE TO  
16 REPORT THE STATUS OF THE CREDIT TO THE REVENUE INTERIM COMMITTEE; ESTABLISHING  
17 REPORTING REQUIREMENTS; PROVIDING DEFINITIONS; AMENDING SECTIONS 15-6-240, 15-6-302, 15-  
18 7-102, 15-16-101, 15-17-125, 15-30-2120, 15-30-2303, AND 15-30-2341, MCA; AND PROVIDING DELAYED  
19 EFFECTIVE DATES AND A TERMINATION DATE."

20

21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

22

23 NEW SECTION. **Section 1. Property tax and rent-equivalent property tax circuit breaker credit -**  
24 **- definitions.** As used in [sections 1 through 4], the following definitions apply:

25 (1) "Claim period" means the tax year for claimants required to file a Montana tax return or returns  
26 under chapter 30 and the calendar year for claimants not required to file returns.

27 (2) "Claimant" means a person who is eligible to file a claim for a credit under [sections 1 through  
28 4].

(3) "Gross rent" means the total rent in cash or its equivalent actually paid during the claim period by the renter or lessee for the right of occupancy of the qualified rental residence pursuant to an arm's-length transaction with the landlord.

(4) (a) "Household" means an association of persons who live in the same dwelling, sharing its furnishings, facilities, accommodations, and expenses.

(b) The term does not include bona fide lessees, tenants, or roomers and boarders on contract.

(5) "Household income" means all income received by all persons of a household in a tax year while they are members of the household.

(6) (a) "Income" means, except as provided in subsection (6)(b), federal adjusted gross income, without regard to loss, as that quantity is defined in the Internal Revenue Code, plus all nontaxable income, including but not limited to:

(i) the amount of any pension or annuity, including Railroad Retirement Act benefits and veterans' disability benefits;

(ii) the amount of capital gains excluded from adjusted gross income;

(iii) alimony;

(iv) support money;

(v) nontaxable strike benefits;

(vi) cash public assistance and relief;

(vii) interest on federal, state, county, and municipal bonds; and

(viii) all payments received under federal social security except social security income paid directly to a nursing home.

(b) For the purposes of this subsection (6), income is reduced by the taxpayer's basis.

(7) "Property tax billed" means taxes levied against the qualified residence, including special assessments and fees, but excluding penalties or interest during the claim period.

(8) (a) (i) "Qualified rental residence" means any class four residential dwelling that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home that is rented from a third party, located in the state, and subject to property taxes and as much of the surrounding land, not exceeding 1 acre, as is reasonably necessary for its use as a dwelling.

(ii) The term includes a single-family dwelling unit or unit of a multiple-unit dwelling that is rented from a county or municipal housing authority as provided in Title 7, chapter 15.

(b) Except for dwellings rented from a county or municipal housing authority, the term does not include rented dwellings or rented lands that are not subject to Montana property taxes during the claim period.

(9) "Qualified residence" means any owner-occupied class four residential dwelling that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home located in the state that is subject to property taxes and as much of the surrounding land, not exceeding 1 acre, as is reasonably necessary for its use as a dwelling.

(10) "Rent-equivalent property tax paid" means 15% of gross rent.

(11) "Tax year" means the property tax year preceding the current year in which a claim for a property tax circuit breaker credit is made.

(12) "Threshold amount" means the amount determined based on household income as follows:

(a) on the first \$20,000 of household income, 2.6%;

(b) on the next \$20,000 of household income, 5.8%;

(c) on the next \$20,000 of household income, 9%;

(d) on the next \$20,000 of household income, 12.2%;

(e) on the next \$20,000 of household income, 15.4%; and

(f) on household income above \$100,000, 18.6%.

**NEW SECTION. Section 2. Property tax and rent-equivalent property tax circuit breaker credit -**

**- eligibility.** (1) In order to make a claim for a credit under [sections 1 through 4], the individual must have:

(a) resided in the state for at least 9 months of the tax year for which the claim is made; and

(b) occupied one or more qualified residences as an owner or one or more qualified rental residences as a renter or lessee for at least 9 months of the tax year.

(2) A person is not disqualified from claiming the credit under [sections 1 through 4] because of a change of residence during the claim period if the person occupies a qualified residence as an owner or a qualified rental residence in the state as a renter or lessee for at least 9 months during the claim period.

(3) A taxpayer may not claim the credit provided for in [sections 1 through 4] and the residential

1 property tax credit for the elderly provided for in 15-30-2337 through 15-30-2341.

2 (4) Only one claim for a property tax circuit breaker credit or the residential property tax credit for  
3 the elderly provided for in 15-30-2337 through 15-30-2341 may be made with respect to any qualified  
4 residence.

5 (5) A claim for the credit may not be allowed for any portion of property tax billed or rent-equivalent  
6 property tax paid that is derived from a public tax subsidy program or a public rent subsidy program.

7 (6) A claim is disallowed if the department finds that the claimant received title to the claimant's  
8 qualified residence primarily for the purpose of receiving benefits under [sections 1 through 4].

9 (7) When the landlord and tenant have not dealt at arm's length and the department judges the  
10 gross rent charged to be excessive, the department may adjust the amount considered gross rent to a  
11 reasonable amount.

12

13 **NEW SECTION. Section 3. Property tax and rent-equivalent property tax circuit breaker credit -**

14 **- credit amount.** (1) There is a credit against the taxes imposed by this chapter for a portion of property tax  
15 billed and rent-equivalent property tax paid by a claimant in the tax year as provided in this section.

16 (2) Subject to [section 5(3)], the amount of the credit allowed under this section is equal to the  
17 property tax billed or rent-equivalent property tax paid in the tax year times 0.75 minus the threshold amount.

18 (3) If the amount determined is equal to or less than zero, there is no credit.

19 (4) If two or more individuals share a qualified rental residence, each individual may claim the  
20 credit based on the proportional share that the individual pays of the gross rent.

21 (5) If the amount of the credit exceeds the claimant's liability under this chapter, the amount of the  
22 excess must be refunded to the claimant. The credit may be claimed even though the claimant has no taxable  
23 income under this chapter.

24

25 **NEW SECTION. Section 4. Property tax and rent-equivalent property tax circuit breaker credit -**

26 **- filing date -- denial of claim.** (1) Except as provided in subsection (3), a claim for the credit must be  
27 submitted at the same time the claimant's tax return is due under chapter 30. For an individual not required to  
28 file a tax return, the claim must be submitted on or before April 15 of the year following the year for which the

1 credit is sought.

2 (2) A receipt showing property taxes billed or gross rent paid must be filed with each claim. Each  
3 claimant shall, at the request of the department, supply all additional information necessary to support a claim.

4 (3) The department may grant a reasonable extension for filing a claim whenever, in its judgment,  
5 good cause exists.

6 (4) If an individual who would have a claim under [sections 1 through 4] dies before filing the claim,  
7 the personal representative of the estate of the decedent may file the claim.

8 (5) The department or an individual may revise a return and make a claim under [sections 1  
9 through 4] within 3 years from the last day prescribed for filing a claim for relief.

10 (6) A person filing a false or fraudulent claim under the provisions of [sections 1 through 4] shall be  
11 charged with the offense of unsworn falsification to authorities pursuant to 45-7-203. If a false or fraudulent  
12 claim has been paid, the amount paid, penalties, and interest may be recovered as provided in 15-1-216.

13

14 NEW SECTION. Section 5. Property tax circuit breaker account. (1) There is a property tax circuit  
15 breaker account in the state special revenue fund. Revenue in the account must be used to fund the property  
16 tax and rent-equivalent property tax circuit breaker credit as provided in this section.

17 (2) The department shall transfer annually to the account on May 15 and November 15 increased  
18 revenue from the reduction in the capital gains tax adjustment provided for in 15-30-2120(3)(l).

19 (3) The department shall determine annually on December 31 whether the revenue in the account  
20 is sufficient to fund the credit provided for in [section 3]. If the revenue is anticipated to be insufficient to fund  
21 the credit in the first 4 years after revenue is transferred to the account, the department shall reduce the  
22 allowed credit to 90% of the amount calculated under [section 3]. If the revenue in the account is greater than  
23 the amount necessary to fund the credits, the excess revenue must remain in the account and may not be  
24 transferred to the general fund.

25 (4) The department shall report annually, in accordance with 5-11-210, to the revenue interim  
26 committee, provided for in 5-5-227, the balance of the account and whether the balance is expected to cover  
27 the anticipated credits claimed.

28

**Section 6.** Section 15-6-240, MCA, is amended to read:

**"15-6-240. Intangible land value property exemption -- application procedure.** (1) There is an

intangible land value assistance program that provides graduated levels of property tax exemptions to assist owners of primary residences with land values that are disproportionate to the value of a primary residence and improvements. To be eligible for the exemption, applicants must meet the requirements of this section.

(2) If the total appraised value of the land is equal to or less than 150% of the appraised value of the primary residence and improvements situated on the land, then the land exemption provided in this section does not apply.

(3) Subject to subsection ~~(6)~~ (7), if the total appraised value of the land is greater than 150% of the appraised value of the primary residence and improvements situated on the land, then the land is valued at 150% of the appraised value of the primary residence and improvements situated on the land, subject to the minimum equalization of value requirement in subsection (4), and the remainder of the land value is exempt from taxation.

(4) If the calculation in subsection (3) creates a land value that is less than the statewide average value of land, then the value of the land may not be reduced in an amount that is less than the statewide average value of land multiplied by the acreage of land for the subject property.

(5) This section does not provide an exemption for the primary residence and improvements situated on the land.

(6) Property eligible for the exemption provided for in this section is not eligible for the property assistance programs provided for in Title 15, chapter 6, part 3.

~~(6)~~ (7) (a) A claim for assistance must be filed by March 1 of the tax year for which the exemption is sought, on an application form provided by the department. After an exemption is approved, the applicant remains eligible for the exemption for the remainder of the 2-year valuation cycle provided for in 15-7-111 as long as the property is continually used as a primary residence by the applicant. An applicant who does not apply for assistance during the first year of the valuation cycle may apply during the second year of the cycle.

(b) The application form must contain:

(i) an affirmation that the applicant owns and maintains the land and improvements as the primary residence;

(ii) an affirmation that the land has been owned by the applicant or a family member of the applicant within the third degree of consanguinity for at least 30 consecutive years; and

(iii) any other information required by the department that is relevant to the applicant's eligibility.

(c) When providing information to the department for qualification under this section, applicants are subject to the false swearing penalties established in 45-7-202.

(d) The department may investigate the information provided in an application and an applicant's continued eligibility.

(e) The department may request applicant verification of the primary residence.

~~(7)~~(8) As used in this section the following definitions apply:

(a) "Land" means:

(i) parcels of land or lots of not more than 5 acres under single ownership that support the primary residential improvements. The term does not include parcels of land or lots that do not support the primary residential improvements, regardless of whether those parcels or lots are contiguous with or adjacent to the primary residential property.

(ii) subject to the limitations in subsection ~~(7)(a)(i)~~ (8)(a)(i), separately assessed land on which a mobile or manufactured home is located, but only if the mobile or manufactured home and the land are both owned by the applicant.

(b) "Primary residence" means a single-family dwelling:

(i) in which an applicant can demonstrate the applicant lived for at least 7 months of the year for which benefits are claimed;

(ii) that is the only residence for which the land exemption claimed in this section is claimed by the applicant; and

(iii) that is owned or under contract for deed by the applicant.

(c) "Single-family dwelling" means a residential dwelling, manufactured home, trailer, or mobile home. The term does not include a condominium unit or a unit of a multiple-unit dwelling.

(d) "Statewide average value of land" is a value calculated by the department that is equal to the statewide average market value of 1 acre of class four real property described in 15-6-134(1)(a) through (1)(d)."

**Section 7.** Section 15-6-302, MCA, is amended to read:

**"15-6-302. Property tax assistance -- rulemaking.** (1) The requirements of this section must be met for a taxpayer to qualify for property tax assistance under 15-6-305 or 15-6-311.

(2) For the property tax assistance programs provided for in 15-6-305 and 15-6-311, the residential real property must be owned by the applicant or under contract for deed and be the primary residence as defined in 15-6-301. The department shall make rules specifying the indicators used for determining whether a residence is a primary residence for purposes of property tax assistance programs.

(3) An applicant's qualifying income, as defined in 15-6-301, may not exceed the threshold established in 15-6-305 or 15-6-311 or in rules established pursuant to those sections.

(4) (a) A claim for assistance must be submitted on a form prescribed by the department.

(b) The form must contain:

(i) the qualifying income of the applicant and the applicant's spouse;

(ii) an affirmation that the applicant owns and maintains the land and improvements as the primary residence as defined in 15-6-301;

(iii) the social security number of the applicant and of the applicant's spouse; and

(iv) any other information required by the department that is relevant to the applicant's eligibility.

(5) (a) An application must be filed by April 15 of the year for which assistance is first claimed.

(b) Once assistance is approved, the applicant remains eligible for property tax assistance in subsequent years through the annual verification process defined in 15-6-301 without the need to reapply.

(c) A taxpayer shall inform the department of any change in eligibility occurring from one year to the next.

(6) The department may verify an applicant's and an applicant's spouse's social security number and benefits with the social security administration and the U.S. department of veterans affairs.

(7) The department must annually verify an applicant's eligibility, including the applicant's and spouse's income, and approve, renew, or deny benefits for the current year based upon the findings.

(8) (a) When providing information for property tax assistance under 15-6-305 or 15-6-311, applicants are subject to the false swearing penalties established in 45-7-202.

(b) The department may investigate the information provided in an application and an applicant's



1 continued eligibility.

2 (c) The department may request applicant verification of the primary residence.

3 (9) The department may address unusual circumstances of ownership and income that arise in  
4 administering taxpayer assistance programs provided for in 15-6-305 and 15-6-311.

5 (10) A temporary stay in a nursing home or similar facility does not change a taxpayer's primary  
6 residence for the purposes of taxpayer assistance programs provided for in 15-6-305 and 15-6-311.

7 (11) The department shall award property assistance under the property tax assistance program  
8 that provides the greatest benefit to the taxpayer by reviewing applications and eligibility requirements, and  
9 notify the applicant of the department's decision. Assistance may not be granted for property receiving the  
10 intangible land value property exemption provided for in 15-6-240."

11

12 **Section 8.** Section 15-7-102, MCA, is amended to read:

13 **"15-7-102. Notice of classification, market value, and taxable value to owners -- appeals.** (1) (a)

14 Except as provided in 15-7-138, the department shall mail or provide electronically to each owner or purchaser  
15 under contract for deed a notice that includes the land classification, market value, and taxable value of the  
16 land and improvements owned or being purchased. A notice must be mailed or, with property owner consent,  
17 provided electronically to the owner only if one or more of the following changes pertaining to the land or  
18 improvements have been made since the last notice:

19 (i) change in ownership;

20 (ii) change in classification;

21 (iii) change in valuation; or

22 (iv) addition or subtraction of personal property affixed to the land.

23 (b) The notice must include the following for the taxpayer's informational and informal classification  
24 and appraisal review purposes:

25 (i) a notice of the availability of all the property tax assistance programs available to property  
26 taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax  
27 assistance programs provided for in Title 15, chapter 6, part 3, ~~and~~ the residential property tax credit for the  
28 elderly provided for in 15-30-2337 through 15-30-2341, and the property tax and rent-equivalent property tax

1 circuit breaker credit provided for in [sections 1 through 4];

2 (ii) the total amount of mills levied against the property in the prior year;

3 (iii) the market value for the prior reappraisal cycle;

4 (iv) if the market value has increased by more than 10%, an explanation for the increase in  
5 valuation;

6 (v) a statement that the notice is not a tax bill; and

7 (vi) a taxpayer option to request an informal classification and appraisal review by checking a box  
8 on the notice and returning it to the department.

9 (c) When the department uses an appraisal method that values land and improvements as a unit,  
10 including the sales comparison approach for residential condominiums or the income approach for commercial  
11 property, the notice must contain a combined appraised value of land and improvements.

12 (d) Any misinformation provided in the information required by subsection (1)(b) does not affect the  
13 validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

14 (2) (a) Except as provided in subsection (2)(c), the department shall assign each classification and  
15 appraisal to the correct owner or purchaser under contract for deed and mail or provide electronically the notice  
16 in written or electronic form, adopted by the department, containing sufficient information in a comprehensible  
17 manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of  
18 changes over the prior tax year.

19 (b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an  
20 appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in  
21 15-1-402.

22 (c) The department is not required to mail or provide electronically the notice to a new owner or  
23 purchaser under contract for deed unless the department has received the realty transfer certificate from the  
24 clerk and recorder as provided in 15-7-304 and has processed the certificate before the notices required by  
25 subsection (2)(a) are mailed or provided electronically. The department shall notify the county tax appeal board  
26 of the date of the mailing or the date when the taxpayer is informed the information is available electronically.

27 (3) (a) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the  
28 market value of the property as determined by the department or with the classification of the land or

improvements, the owner may request an informal classification and appraisal review by submitting an objection on written or electronic forms provided by the department for that purpose or by checking a box on the notice and returning it to the department in a manner prescribed by the department.

(i) For property other than class three property described in 15-6-133, class four property described in 15-6-134, and class ten property described in 15-6-143, the objection must be submitted within 30 days from the date on the notice.

(ii) For class three property described in 15-6-133 and class four property described in 15-6-134, the objection may be made only once each valuation cycle. An objection must be made in writing or by checking a box on the notice within 30 days from the date on the classification and appraisal notice for a reduction in the appraised value to be considered for both years of the 2-year valuation cycle. An objection made more than 30 days from the date of the classification and appraisal notice will be applicable only for the second year of the 2-year valuation cycle. For an objection to apply to the second year of the valuation cycle, the taxpayer shall make the objection in writing or by checking a box on the notice no later than June 1 of the second year of the valuation cycle or, if a classification and appraisal notice is received in the second year of the valuation cycle, within 30 days from the date on the notice.

(iii) For class ten property described in 15-6-143, the objection may be made at any time but only once each valuation cycle. An objection must be made in writing or by checking a box on the notice within 30 days from the date on the classification and appraisal notice for a reduction in the appraised value to be considered for all years of the 6-year appraisal cycle. An objection made more than 30 days after the date of the classification and appraisal notice applies only for the subsequent remaining years of the 6-year reappraisal cycle. For an objection to apply to any subsequent year of the valuation cycle, the taxpayer shall make the objection in writing or by checking a box on the notice no later than June 1 of the year for which the value is being appealed or, if a classification and appraisal notice is received after the first year of the valuation cycle, within 30 days from the date on the notice.

(b) If the objection relates to residential or commercial property and the objector agrees to the confidentiality requirements, the department shall provide to the objector, by posted mail or electronically, within 8 weeks of submission of the objection, the following information:

(i) the methodology and sources of data used by the department in the valuation of the property;

1 and

2 (ii) if the department uses a blend of evaluations developed from various sources, the reasons that  
3 the methodology was used.

4 (c) At the request of the objector or a representative of the objector, and only if the objector or  
5 representative signs a written or electronic confidentiality agreement, the department shall provide in written or  
6 electronic form:

7 (i) comparable sales data used by the department to value the property;

8 (ii) sales data used by the department to value residential property in the property taxpayer's  
9 market model area; and

10 (iii) if the cost approach was used by the department to value residential property, the  
11 documentation required in 15-8-111(3) regarding why the comparable sales approach was not reliable.

12 (d) For properties valued using the income approach as one approximation of market value, notice  
13 must be provided that the taxpayer will be given a form to acknowledge confidentiality requirements for the  
14 receipt of all aggregate model output that the department used in the valuation model for the property.

15 (e) The review must be conducted informally and is not subject to the contested case procedures  
16 of the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual  
17 selling price of the property and other relevant information presented by the taxpayer in support of the  
18 taxpayer's opinion as to the market value of the property. The department shall consider an independent  
19 appraisal provided by the taxpayer if the appraisal meets standards set by the Montana board of real estate  
20 appraisers and the appraisal was completed within 6 months of the valuation date pursuant to 15-8-201. If the  
21 department does not use the appraisal provided by the taxpayer in conducting the appeal, the department shall  
22 provide to the taxpayer the reason for not using the appraisal. The department shall give reasonable notice to  
23 the taxpayer of the time and place of the review.

24 (f) After the review, the department shall determine the correct appraisal and classification of the  
25 land or improvements and notify the taxpayer of its determination by mail or electronically. The department may  
26 not determine an appraised value that is higher than the value that was the subject of the objection unless the  
27 reason for an increase was the result of a physical change in the property or caused by an error in the  
28 description of the property or data available for the property that is kept by the department and used for

calculating the appraised value. In the notification, the department shall state its reasons for revising the classification or appraisal. When the proper appraisal and classification have been determined, the land must be classified and the improvements appraised in the manner ordered by the department.

(4) Whether a review as provided in subsection (3) is held or not, the department may not adjust an appraisal or classification upon the taxpayer's objection unless:

(a) the taxpayer has submitted an objection on written or electronic forms provided by the department or by checking a box on the notice; and

(b) the department has provided to the objector by mail or electronically its stated reason in writing for making the adjustment.

(5) A taxpayer's written objection or objection made by checking a box on the notice and supplemental information provided by a taxpayer that elects to check a box on the notice to a classification or appraisal and the department's notification to the taxpayer of its determination and the reason for that determination are public records. The department shall make the records available for inspection during regular office hours.

(6) If a property owner feels aggrieved by the classification or appraisal made by the department after the review provided for in subsection (3), the property owner has the right to first appeal to the county tax appeal board and then to the Montana tax appeal board, whose findings are final subject to the right of review in the courts. The appeal to the county tax appeal board, pursuant to 15-15-102, must be filed within 30 days from the date on the notice of the department's determination. A county tax appeal board or the Montana tax appeal board may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer as evidence of the market value of the property. If the county tax appeal board or the Montana tax appeal board determines that an adjustment should be made, the department shall adjust the base value of the property in accordance with the board's order."

**Section 9.** Section 15-16-101, MCA, is amended to read:

**"15-16-101. Treasurer to publish notice -- manner of publication.** (1) Within 10 days after the receipt of the property tax record, the county treasurer shall publish a notice specifying:

(a) that one-half of all taxes levied and assessed will be due and payable before 5 p.m. on the next

November 30 or within 30 days after the notice is postmarked and that unless paid prior to that time the amount then due will be delinquent and will draw interest at the rate of 5/6 of 1% a month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty;

(b) that one-half of all taxes levied and assessed will be due and payable on or before 5 p.m. on the next May 31 and that unless paid prior to that time the taxes will be delinquent and will draw interest at the rate of 5/6 of 1% a month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty; and

(c) the time and place at which payment of taxes may be made.

(2) (a) The county treasurer shall send to the last-known address of each taxpayer a written notice, postage prepaid, showing the amount of taxes and assessments due for the current year and the amount due and delinquent for other years. The written notice must include:

(i) the taxable value of the property;

(ii) the total mill levy applied to that taxable value;

(iii) itemized city services and special improvement district assessments collected by the county;

(iv) the number of the school district in which the property is located;

(v) the amount of the total tax due itemized by mill levy that is levied as city tax, county tax, state tax, school district tax, and other tax;

(vi) an indication of which mill levies are voted levies, including voted levies to impose a new mill levy, to increase a mill levy that is required to be submitted to the electors, or to exceed the mill levy limit provided for in 15-10-420; and

(vii) a notice of the availability of all the property tax assistance programs available to property taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax assistance programs under Title 15, chapter 6, part 3, ~~and the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341, and the property tax and rent-equivalent property tax circuit breaker credit provided for in [sections 1 through 4].~~

(b) If a tax lien is attached to the property, the notice must also include, in a manner calculated to draw attention, a statement that a tax lien is attached to the property, that failure to respond will result in loss of property, and that the taxpayer may contact the county treasurer for complete information.

(3) The municipality shall, upon request of the county treasurer, provide the information to be included under subsection (2)(a)(iii) ready for mailing.

(4) The notice in every case must be given as provided in 7-1-2121. Failure to publish or post notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax due for the current year or of delinquent tax will not affect the legality of the tax.

(5) If the department revises an assessment that results in an additional tax of \$5 or less, an additional tax is not owed and a new tax bill does not need to be prepared."

**Section 10.** Section 15-17-125, MCA, is amended to read:

**"15-17-125. Attachment of tax lien and preparation of tax lien certificate.** (1) (a) The county treasurer shall attach a tax lien no later than the first working day in August to properties on which the taxes are delinquent and for which proper notification was given as provided in 15-17-122 and subsection (4) of this section. Upon attachment of a tax lien, the county is the possessor of the tax lien unless the tax lien is assigned pursuant to 15-17-323.

(b) The county treasurer may not attach a tax lien to a property on which taxes are delinquent but for which proper notice was not given.

(2) After attaching a tax lien, the county treasurer shall prepare a tax lien certificate that must contain:

(a) the date on which the property taxes became delinquent;

(b) the date on which a property tax lien was attached to the property;

(c) the name and address of record of the person to whom the taxes were assessed;

(d) a description of the property on which the taxes were assessed;

(e) a separate listing of the amount of the delinquent taxes, penalties, interest, and costs;

(f) a statement that the tax lien certificate represents a lien on the property that may lead to the issuance of a tax deed for the property;

(g) a statement specifying the date on which the county or an assignee will be entitled to a tax deed; and

(h) an identification number corresponding to the tax lien certificate.

(3) The tax lien certificate must be signed by the county treasurer. A copy of the tax lien certificate must be filed by the treasurer in the office of the county clerk. A copy of the tax lien certificate must also be mailed to the person to whom the taxes were assessed, at the address of record, together with a notice that the person may contact the county treasurer for further information on property tax liens.

(4) Prior to attaching a tax lien to the property, the county treasurer shall send notice of the pending attachment of a tax lien to the person to whom the property was assessed. The notice must include the information listed in subsection (2), state that the tax lien may be assigned to a third party, and provide notice of the availability of all the property tax assistance programs available to property taxpayers, including the property tax assistance programs under Title 15, chapter 6, part 3, ~~and the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341, and the property tax and rent-equivalent property tax circuit breaker credit provided for in [sections 1 through 4].~~ The notice must have been mailed at least 2 weeks prior to the date on which the county treasurer attaches the tax lien.

(5) The county treasurer shall file the tax lien certificate with the county clerk and recorder."

**Section 11.** Section 15-30-2120, MCA, is amended to read:

**"15-30-2120. (Effective January 1, 2024) Adjustments to federal taxable income to determine Montana taxable income.** (1) The items in subsection (2) are added to and the items in subsection (3) are subtracted from federal taxable income to determine Montana taxable income.

(2) The following are added to federal taxable income:

(a) to the extent that it is not exempt from taxation by Montana under federal law, interest from obligations of a territory or another state or any political subdivision of a territory or another state and exempt-interest dividends attributable to that interest except to the extent already included in federal taxable income;

(b) that portion of a shareholder's income under subchapter S. of Chapter 1 of the Internal Revenue Code that has been reduced by any federal taxes paid by the subchapter S. corporation on the income;

(c) depreciation or amortization taken on a title plant as defined in 33-25-105;

(d) the recovery during the tax year of an amount deducted in any prior tax year to the extent that the amount recovered reduced the taxpayer's Montana income tax in the year deducted;



(e) an item of income, deduction, or expense to the extent that it was used to calculate federal taxable income if the item was also used to calculate a credit against a Montana income tax liability;

(f) a deduction for an income distribution from an estate or trust to a beneficiary that was included in the federal taxable income of an estate or trust in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661;

(g) a withdrawal from a medical care savings account provided for in Title 15, chapter 61, used for a purpose other than an eligible medical expense or long-term care of the employee or account holder or a dependent of the employee or account holder;

(h) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63, used for a purpose other than for eligible costs for the purchase of a single-family residence;

(i) for a taxpayer that deducts the qualified business income deduction pursuant to section 199A of the Internal Revenue Code, 26 U.S.C. 199A, an amount equal to the qualified business income deduction claimed; and

(j) for a taxpayer that deducts state income taxes pursuant to section 164(a)(3) of the Internal Revenue Code, 26 U.S.C. 164(a)(3), an additional amount equal to the state income tax deduction claimed, not to exceed the amount required to reduce the federal itemized amount computed under section 161 of the Internal Revenue Code, 26 U.S.C. 161, to the amount of the federal standard deduction allowable under section 63(c) of the Internal Revenue Code, 26 U.S.C. 63(c).

(3) To the extent they are included as income or gain or not already excluded as a deduction or expense in determining federal taxable income, the following are subtracted from federal taxable income:

(a) a deduction for an income distribution from an estate or trust to a beneficiary in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661, recalculated according to the additions and subtractions in subsections (2) and (3)(b) through (3)(m);

(b) if exempt from taxation by Montana under federal law:

(i) interest from obligations of the United States government and exempt-interest dividends attributable to that interest; and

(ii) railroad retirement benefits;

(c) (i) salary received from the armed forces by residents of Montana who are serving on active

- 1 duty in the regular armed forces and who entered into active duty from Montana;
- 2 (ii) the salary received by residents of Montana for active duty in the national guard. For the
- 3 purposes of this subsection (3)(c)(ii), "active duty" means duty performed under an order issued to a national
- 4 guard member pursuant to:
- 5 (A) Title 10, U.S.C.; or
- 6 (B) Title 32, U.S.C., for a homeland defense activity, as defined in 32 U.S.C. 901, or a contingency
- 7 operation, as defined in 10 U.S.C. 101, and the person was a member of a unit engaged in a homeland
- 8 defense activity or contingency operation.
- 9 (iii) the amount received pursuant to 10-1-1114 or from the federal government by a service
- 10 member, as defined in 10-1-1112, as reimbursement for group life insurance premiums paid;
- 11 (iv) the amount received by a beneficiary pursuant to 10-1-1201; and
- 12 (v) all payments made under the World War I bonus law, the Korean bonus law, and the veterans'
- 13 bonus law. Any income tax that has been or may be paid on income received from the World War I bonus law,
- 14 Korean bonus law, and the veterans' bonus law is considered an overpayment and must be refunded upon the
- 15 filing of an amended return and a verified claim for refund on forms prescribed by the department in the same
- 16 manner as other income tax refund claims are paid.
- 17 (d) interest and other income related to contributions that were made prior to January 1, 2024, that
- 18 are retained in a medical care savings account provided for in Title 15, chapter 61, and any withdrawal for
- 19 payment of eligible medical expenses or for the long-term care of the employee or account holder or a
- 20 dependent of the employee or account holder;
- 21 (e) contributions or earnings withdrawn from a family education savings account provided for in
- 22 Title 15, chapter 62, or from a qualified tuition program established and maintained by another state as
- 23 provided in section 529(b)(1)(A)(ii) of the Internal Revenue Code, 26 U.S.C. 529(b)(1)(A)(ii), for qualified
- 24 education expenses, as defined in 15-62-103, of a designated beneficiary;
- 25 (f) interest and other income related to contributions that were made prior to January 1, 2024, that
- 26 are retained in a first-time home buyer savings account provided for in Title 15, chapter 63, and any withdrawal
- 27 for payment of eligible costs for the first-time purchase of a single-family residence;
- 28 (g) for each taxpayer that has attained the age of 65, an additional subtraction of \$5,500;

(h) the amount of a scholarship to an eligible student by a student scholarship organization pursuant to 15-30-3104;

(i) a payment received by a private landowner for providing public access to public land pursuant to Title 76, chapter 17, part 1;

(j) the amount of any refund or credit for overpayment of income taxes imposed by this state or any other taxing jurisdiction to the extent included in gross income for federal income tax purposes but not previously allowed as a deduction for Montana income tax purposes;

(k) the recovery during the tax year of any amount deducted in any prior tax year to the extent that the recovered amount did not reduce the taxpayer's Montana income tax in the year deducted;

(l)— (i) if net long-term capital gains as defined in section 1222 of the Internal Revenue Code, 26 U.S.C. 1222, are taken into account in computing federal taxable income, an amount equal to 30% of net long-term net long-term capital gains, as defined in section 1222 of the Internal Revenue Code, 26 U.S.C. 1222, if and to the extent such gain is taken into account in computing federal taxable income that is less than or equal to \$500,000; and

(ii) if net long-term capital gains as defined in section 1222 of the Internal Revenue Code, 26 U.S.C. 1222, are taken into account in computing federal taxable income, an amount equal to 15% of net long-term capital gains that is in excess of \$500,000; and

(m) the amount of the gain recognized from the sale or exchange of a mobile home park as provided in 15-31-163.

(4) (a) A taxpayer who, in determining federal taxable income, has reduced the taxpayer's business deductions:

(i) by an amount for wages and salaries for which a federal tax credit was elected under sections 38 and 51(a) of the Internal Revenue Code, 26 U.S.C. 38 and 51(a), is allowed to deduct the amount of the wages and salaries paid regardless of the credit taken; or

(ii) for which a federal tax credit was elected under the Internal Revenue Code is allowed to deduct the amount of the business expense paid when there is no corresponding state income tax credit or deduction, regardless of the credit taken.

(b) The deductions in subsection (4)(a) must be made in the year that the wages, salaries, or

business expenses were used to compute the credit. In the case of a partnership or small business corporation, the deductions in subsection (4)(a) must be made to determine the amount of income or loss of the partnership or small business corporation.

(5) (a) An individual who contributes to one or more accounts established under the Montana family education savings program or to a qualified tuition program established and maintained by another state as provided in section 529(b)(1)(A)(ii) of the Internal Revenue Code, 26 U.S.C. 529(b)(1)(A)(ii), may reduce taxable income by the lesser of \$3,000 or the amount of the contribution. In the case of married taxpayers, each spouse is entitled to a reduction, not in excess of \$3,000, for the spouses' contributions to the accounts. Spouses may jointly elect to treat half of the total contributions made by the spouses as being made by each spouse. The reduction in taxable income under this subsection (5)(a) applies only with respect to contributions to an account of which the account owner is the taxpayer, the taxpayer's spouse, or the taxpayer's child or stepchild if the taxpayer's child or stepchild is a Montana resident. The provisions of subsection (2)(d) do not apply with respect to withdrawals of contributions that reduced federal taxable income.

(b) Contributions made pursuant to this subsection (5) are subject to the recapture tax provided for in 15-62-208.

(6) (a) An individual who contributes to one or more accounts established under the Montana achieving a better life experience program or to a qualified program established and maintained by another state may reduce taxable income by the lesser of \$3,000 or the amount of the contribution. In the case of married taxpayers, each spouse is entitled to a reduction, not to exceed \$3,000, for the spouses' contributions to the accounts. Spouses may jointly elect to treat one-half of the total contributions made by the spouses as being made by each spouse. The reduction in taxable income under this subsection (6)(a) applies only with respect to contributions to an account for which the account owner is the taxpayer, the taxpayer's spouse, or the taxpayer's child or stepchild if the taxpayer's child or stepchild is a Montana resident. The provisions of subsection (2)(d) do not apply with respect to withdrawals of contributions that reduced taxable income.

(b) Contributions made pursuant to this subsection (6) are subject to the recapture tax provided in 53-25-118.

(7) By November 1 of each year, the department shall multiply the subtraction from federal taxable income for a taxpayer that has attained the age of 65 contained in subsection (3)(g) by the inflation factor for

that tax year, rounding the result to the nearest \$10. The resulting amount is effective for that tax year and must be used as the basis for the subtraction from federal taxable income determined under subsection (3)(g)."

**Section 12.** Section 15-30-2303, MCA, is amended to read:

**"15-30-2303. Tax credits subject to review by interim committee.** (1) The following tax credits must be reviewed during the biennium commencing July 1, 2019, and during each biennium commencing 10 years thereafter:

(a) the credit for contractor's gross receipts provided for in 15-50-207; and

(b) the credit for elderly homeowners and renters provided for in 15-30-2337 through 15-30-2341.

(2) The following tax credits must be reviewed during the biennium commencing July 1, 2021, and during each biennium commencing 10 years thereafter:

(a) the credit for donations to an educational improvement account provided for in 15-30-2334, 15-30-3110, and 15-31-158; ~~and~~

(b) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-30-3111, and 15-31-159; and

(c) the property tax and rent-equivalent property tax circuit breaker credit provided for in [sections 1 through 4].

(3) The following tax credits must be reviewed during the biennium commencing July 1, 2023, and during each biennium commencing 10 years thereafter:

(a) the credit for infrastructure use fees provided for in 17-6-316;

(b) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-2329, 15-31-161, and 15-31-162; and

(c) the credit for property to recycle or manufacture using recycled material provided for in Title 15, chapter 32, part 6.

(4) The following tax credits must be reviewed during the biennium commencing July 1, 2025, and during each biennium commencing 10 years thereafter:

(a) the credit for preservation of historic buildings provided for in 15-30-2342 and 15-31-151;

(b) the credit for unlocking state lands provided for in 15-30-2380;

- 1 (c) the job growth incentive tax credit provided for in 15-30-2361 and 15-31-175; and
- 2 (d) the credit for trades education and training provided for in 15-30-2359 and 15-31-174.
- 3 (5) The following tax credits must be reviewed during the biennium commencing July 1, 2027, and
- 4 during each biennium commencing 10 years thereafter:
- 5 (a) the credit for hiring a registered apprentice or veteran apprentice provided for in 15-30-2357
- 6 and 15-31-173;
- 7 (b) the earned income tax credit provided for in 15-30-2318; and
- 8 (c) the media production and postproduction credits provided for in 15-31-1007 and 15-31-1009.
- 9 (6) The revenue interim committee shall review the tax credits scheduled for review and make
- 10 recommendations in accordance with 5-11-210 at the conclusion of the full review to the legislature about
- 11 whether to eliminate or revise the credits. The committee shall also review any tax credit with an expiration date
- 12 or termination date that is not listed in this section in the biennium before the credit is scheduled to expire or
- 13 terminate.
- 14 (7) The revenue interim committee shall review the credits using the following criteria:
- 15 (a) whether the credit changes taxpayer decisions, including whether the credit rewards decisions
- 16 that may have been made regardless of the existence of the tax credit;
- 17 (b) to what extent the credit benefits some taxpayers at the expense of other taxpayers;
- 18 (c) whether the credit has out-of-state beneficiaries;
- 19 (d) the timing of costs and benefits of the credit and how long the credit is effective;
- 20 (e) any adverse impacts of the credit or its elimination and whether the benefits of continuance or
- 21 elimination outweigh adverse impacts; and
- 22 (f) the extent to which benefits of the credit affect the larger economy. (Subsection (4)(d)
- 23 terminates December 31, 2026--sec. 7, Ch. 248, L. 2021; subsection (4)(c) terminates December 31, 2028--
- 24 sec. 24(1), Ch. 550, L. 2021.)"
- 25

26 **Section 13.** Section 15-30-2341, MCA, is amended to read:

27 **"15-30-2341. Residential property tax credit for elderly -- limitations -- denial of claim.** (1) Only

28 one claimant per household in a claim period under the provisions of 15-30-2337 through 15-30-2341 or

1 [sections 1 through 4] is entitled to relief.

2 (2) A taxpayer may not claim the property tax and rent-equivalent property tax circuit breaker credit  
3 provided for in [sections 1 through 4] and the residential property tax credit for the elderly.

4 ~~(2)(3)~~ Except as provided in subsection ~~(3)~~ (4), a claim for relief may not be allowed for any portion of  
5 property taxes billed or rent-equivalent taxes paid that is derived from a public rent or tax subsidy program.

6 ~~(3)(4)~~ Except for dwellings rented from a county or municipal housing authority, a claim for relief may  
7 not be allowed on rented lands or rented dwellings that are not subject to Montana property taxes during the  
8 claim period.

9 ~~(4)(5)~~ A person filing a false or fraudulent claim under the provisions of 15-30-2337 through 15-30-  
10 2341 must be charged with the offense of unsworn falsification to authorities pursuant to 45-7-203. If a false or  
11 fraudulent claim has been paid, the amount paid, penalties, and interest may be recovered as provided in 15-1-  
12 216."

13  
14 NEW SECTION. Section 14. Transition. (1) The revisions to the Montana source long-term capital  
15 gains tax adjustment provided for in 15-30-2120 apply to tax years beginning after December 31, 2023.

16 (2) The department shall make the first transfer provided for in [section 5] by May 15, 2025.

17 (3) The credit provided for in [sections 1 through 4] may be claimed in tax years beginning after  
18 December 31, 2025.

19 (4) On termination of [this act], the revenue in the account provided for in [section 5] must be  
20 transferred to the general fund.

21  
22 NEW SECTION. Section 15. Codification instruction. [Sections 1 through 5] are intended to be  
23 codified as an integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23,  
24 apply to [sections 1 through 5].

25  
26 NEW SECTION. Section 16. Effective dates. (1) Except as provided in subsections (2) and (3), [this  
27 act] is effective July 1, 2025.

28 (2) [Sections 11 and 14] and this section are effective January 1, 2024.

4 - END -